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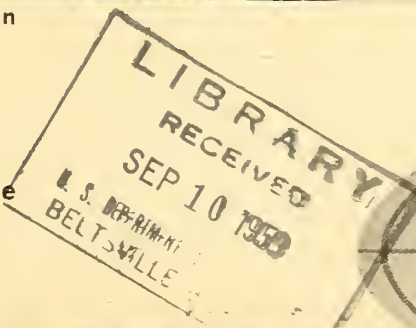


Young rice worker in field near Lisbon

Trade Prospects for Cotton

Broilers—Big Business in U.K.

The Congo's Agriculture and Trade



UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN

AGRICULTURE

VOL. XXIII . . No. 5 . . MAY 1959

To report and interpret world
agricultural developments.



Trade Prospects For U.S. Products

In this issue we begin a series of 10 articles, each to cover foreign trade prospects for a major U.S. agricultural commodity.

This first story in the series is entitled "Trade Prospects for Cotton." The other scheduled articles will cover rice, oils and oilseeds, tobacco, citrus, livestock and meat, poultry and eggs, dairy products, deciduous fruits, and feed grains.

Each article will discuss the world trade picture for one commodity, the export competition we face, how this year compares with previous years, and what lies ahead.

Apropos of the series, it is interesting to note that cotton this season is having more export troubles than any other commodity. With cotton excluded from the totals, U.S. agricultural exports since last July 1 have been running somewhat above the previous year. When cotton is included, however, it brings the level of all agricultural exports down to 6 percent less than the previous year.

There is a silver lining in the clouds, however, as this issue's cotton story points out, for next season our cotton exports will have good opportunities to recover.

Cover Photograph

Our agricultural attache in Portugal, Herbert K. Ferguson, found this pretty young rice worker a willing subject for his camera. In the world's diet, rice is the most important staple food, but lack of uniform standards has complicated world trade. (See page 15.)

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TRADE PROSPECTS FOR COTTON

UNITED STATES cotton exports are expected to increase substantially in 1959-60 as a result of four factors: The new U.S. cotton export program, an anticipated rise in foreign consumption, reduced carryover in foreign countries, and a probable drop in the production of competitive foreign cotton.

Under the new program, methods of handling export sales will be changed somewhat to expedite the movement of the 1959 cotton crop. Competitive bid sales for export, in operation for more than 2 years, will be discontinued on August 1. The payment-in-kind program will be continued, with the initial rate of payments for exports in 1959-60 raised from the current rate of 6.5 cents a pound to 8.0 cents. The new rate, however, will be subject to frequent review for possible adjustments.

The payments-in-kind represent the approximate differences between domestic market prices and export prices. Under existing legislation the Commodity Credit Corporation (CCC) is required to make its inventories of cotton available for sale for unrestricted use at not less than 10 percent above the loan price (65 percent of parity) for cotton produced in 1959 under the Choice B plan.* The loan price for cotton produced in 1959 under Choice B is 24.70 cents a pound for Middling 7/8-inch cotton.

A much increased portion of the world's surplus cotton in 1959-60 will be in the United States. U.S. supplies will consist of about 9 million bales in stock on August 1 plus a 1959 crop considerably larger than the 1958 crop of 11.5 million running bales. Inventories owned by CCC early in April 1959 and cotton held in loan status at that time totaled around 7.8 million bales. A small reduction in this total is likely by August 1 through continued sales from inventories and probable excess of redeemed cotton over new loans placed. Unredeemed loan stocks from the 1958 crop will be acquired by CCC on August 1 and made available for sale for unrestricted use after they are cataloged.

A preliminary tabulation of growers selecting the Choice B plan indicates that a maximum total of around 1 million acres will be added to the basic national acreage allotment for upland cotton of 16,310,000 acres. (The national acreage allotment for extra long staple cotton for 1959 is 69,283 acres. This type of cotton is not involved in the export program or

* Farmers who elect the Choice A plan must plant within acreage allotments and are eligible for loans on 1959 cotton at 80 percent of parity. Choice B permits producers to plant up to 40 percent above their acreage allotment but they are eligible for loans of only 65 percent of parity.

price supports, but the 1959-60 stock figure includes nearly 200,000 bales of extra long staple cotton.) Of the 17.3 million maximum permissible acreage allotment for upland cotton, nearly 600,000 acres will be taken out of cultivation under the Conservation Reserve program. In 1958, underplanting of allotments, abandonment, and acreage taken out under the Conservation Reserve program amounted to around 850,000 acres, or about 6 percent of the permitted acreage.

All of the U.S. cotton export programs now in operation—Public Law 480, the ICA program, barter facilities, and Export-Import Bank loans—are expected to continue next season with approximately the same regulations as in 1958-59. These are channels through which a large part of U.S. cotton moves to export when obtained from CCC or from privately owned supplies.

Foreign Demand and Supply

There is good reason to expect a rise in foreign consumption. The textile trade in cotton-importing countries is emerging from a 1-to-2-year period of recession and should be in a position to benefit from the reduced level of textile inventories and the availability of cotton at more favorable prices than those of a year ago. Rising mill consumption abroad would relieve any

(Continued on page 22)

Broilers become big business in United Kingdom

London's new barbecue shops prove very popular. And to get a hot barbecued broiler delivered, one simply dials CHICKEN!

By ROBERT N. ANDERSON
U.S. Agricultural Attaché
London, England



Photos by USIS

New to London and growing in popularity are the chicken barbecue shops, as shown above. Right, cutting up birds in poultry market, near Grosvenor Square.



ONE OF THE biggest revolutions in British agriculture since the war has been the production of broiler fowl on the American style. It isn't so much the farmers themselves who are going into this fast-growing industry as the business and professional men. Profits so far have been exceedingly attractive and a lot of money has already been made by some of the pioneers who started the industry only 4 or 5 years ago.

At a well-attended convention of broiler producers last autumn in one of the fashionable seaside resorts, the attendance was made up of producers, processors, compound-feed mixers, scientists, equipment suppliers, wholesalers, and retailers. The businesslike nature of the meetings and the high caliber of the discussions showed that the industry is no longer in its infancy but already is a rapidly developing giant. No longer is it a question of whether it will be a major industry on the American scale but how soon production will be able to supply the British housewife with fresh poultry, on a scale and at prices comparable to those now enjoyed by Americans.

Five years ago production of broilers in the United Kingdom was almost totally unknown. Today it is being discussed and watched by thousands of Britons. Articles have appeared in almost all of the leading farm journals, and recently one popular weekly devoted almost an entire issue to a special 68-page supplement covering various phases of the industry, from the economies of production and marketing to scientific and technical care and feeding of the birds. Television programs have featured various topics of broiler production and marketing.

The production of broilers in the United Kingdom is said to have reached a rate of about 50 million birds a year. Although this is less than 1 bird per person as compared with a U.S. production of more than 10, it represents a 33-percent increase in 1 year and an increase of almost 100 percent in 2 years. A popular prediction now is that the production will reach a rate of 100 million birds in 1960 and 400 million within the next decade.

A knowledge of U.S. experience has given this fast-growing industry a big and profitable advantage. Many of the leaders in the industry have visited the United States to study the latest production methods. U.S. publications are read carefully and watched for any hints of improvement in production and marketing techniques.

With this help and the generally high education, business ability, and alertness of the Britisher, production efficiency already is on a high level. The most advanced methods of production and processing are used, also the latest American equipment and housing innovations.

Industry's Problems

U.K. broiler stock is not as highly developed as U.S. stock, but lately it has improved in maturity rate, quick feathering, and food conversion. Britain's feed manufacturers have done much in the past 3 years about food conversion, although the average is probably below 3.5 pounds of feed per pound of growth, which is nearly a pound of feed more than the U.S. average.

Until a better stock with a higher feed conversion rate can be made available for general use, the industry is not likely to attain a production efficiency comparable to that in the United States. U.S. breeding stock may not be imported because of restrictions against shipments from areas where live vaccine is used against Newcastle disease. It is quite generally admitted that some stock of the better American strains is being illegally brought into the country. Also, selection, breeding, and testing are moving forward at a rapid rate.

Some persons argue that the industry has expanded too rapidly and is

likely soon to suffer a serious setback. It is true that several of the smaller producers felt the pinch of a price squeeze recently when their returns in certain areas fell to 2 shillings per pound live weight (28¢) as compared to 2 shillings 6 pence (35¢) before. Lower prices also caused anxiety among other poultry producers, who until now have had very good markets for old hens no longer useful as egg producers. Some of the small feed mixers are becoming more cautious too, fearful of being crowded out by the larger compounders. The larger and more efficient producers, however, admit that margins are still high and that even lower prices are likely to prevail before the growth of the industry will be checked. Britain's broiler industry is one of the few sections of agriculture which does not receive any government subsidy, grant, or guaranteed price.

Although production is increasing, some of the experts warn that consumer education is needed before broiler consumption can be raised to a much higher level. Already local advertising campaigns are being conducted on a modest scale by the British Broiler Growers Association and by some of the leading producers and distributors. It may not be an easy matter to convince British housewives that chicken is not just a luxury food for special dinners but can be used,

as one writer suggests, as "the poor man's joint." Nor will it be easy to change the habits of the housewives to provide greater variety in the preparation and presentation of poultry dishes.

Fried chicken is not generally known in the United Kingdom. However, barbecues are becoming popular in London. Several new popular-priced restaurants, especially in the downtown area around Piccadilly Circus, are featuring barbecued chicken. From the crowds watching the window displays of barbecued birds on the spit and the busy chefs quartering and serving them, Londoners are taking to the new delicacy. One restaurant on Dover Street which specializes in freshly barbecued broilers will deliver them anywhere in the city. All one does to place an order is dial CHICKEN on the telephone.

Broilers Versus Meats

Increased consumption appears to depend largely on the prices at which broilers are available to the consumers as compared with other meat. In the principal London markets, current retail prices are around 11 shillings (\$1.54) for a 3-pound bird, dressed and chilled or frozen. The producer's margin of profit is said to be between 1 and 2 shillings per bird (14¢ to 28¢), as compared with 5 cents per bird or less in the United States, with

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Broiler production in the United Kingdom now totals some 50 million birds a year. Five years ago it hardly existed.

Courtesy Quaker Oats Company, London



British shopper in a London self-service store carefully inspects the broiler she has just picked out of the freezer.



Agriculture and Trade In the Mineral-Rich Congo

This vast African country not only possesses great mineral and power resources but supports a prosperous export trade in agricultural products.

By SNIDER W. SKINNER
Africa and Middle East Analysis Branch
Foreign Agricultural Service

EARLY THIS YEAR, Belgium promised its rich African colony, the Belgian Congo,¹ a form of self-government within the next few years. Following closely on the political changes that have taken place in French West Africa and French Equatorial Africa, this step is tuned to the times. It recognizes the surge toward self-rule that has swept over Africa and freely commits this tropical land to its share.

What makes the move significant is the great potential of the area, its impressive development to date, and its importance in world trade. Lying in the heart of Africa, the Belgian Congo is as large as the United States east of the Mississippi. It is rich in minerals. It has the world's greatest water power potential. And it grows a wide range of tropical and temperate zone crops both for export and home consumption.

A number of questions arise. Will self-government slow down the rapid development of this African country? At the present time, Belgian investment is heavy and most of the trade is with the mother country. Will self-government tend to reshape this trade pattern? Also, will the country develop an industrial economy?

The answers lie in the future and will have an important bearing on world trade. They will also affect U.S. trade, for next to Belgium the United

States is the Congo's largest market. We take a large part of its uranium, big quantities of other minerals, and 16 percent of its agricultural shipments. In the years ahead we undoubtedly would take more of its farm products since they are nearly all complementary to what we produce. Similarly, if the Congo's industrial advancement continues at the present pace, the country should prove to be a bigger market for the farm commodities we have to sell.

The Congo's Agriculture

Agricultural products in most years constitute from a third to a half of the exports of the Belgian Congo and Ruanda-Urundi. In 1957 the percentage was 37.3 and the value, \$178,822,000. Most of these are from tree crops: Palm oil and kernels (both products of the oil palm), Robusta and Arabica coffee, rubber, bananas, cocoa, cinchona (for quinine), and tea.

Actually, a large part of the country's agricultural exports comes from oil-bearing crops. Besides the palm produce, the area also harvests cottonseed, peanuts, sesame, and soybeans. Of lesser importance are the essential oils—rose geranium, eucalyptus, and lemongrass. Other exports include cotton lint, urena and punga (coarse fibers), pyrethrum (an insecticide), castor beans, and sisal.

Only 30 percent of the Congo's cultivated land is used for export crops. On the remainder grow the crops used domestically—cassava, peas and beans, corn, plantains, sweet and white potatoes, rice, grain sorghums, millet, wheat, bambarra groundnuts, and sugarcane.

Considering the primitive condition

of the area only 50 years or so ago, the rapid progress in crop culture is notable. (What is now the Belgian Congo was first explored by Henry M. Stanley in the 1870's. From 1885 to 1908 it was the personal domain of King Leopold II of Belgium, and has been a colony only since 1908.) Credit for this goes to the Belgian Government, which, following a policy of benevolent paternalism, has effected tremendous changes. It has initiated 10-year plans for economic and social development, with separate plans for both the Congo and Ruanda-Urundi. It has set up a world-famous agricultural research organization, INEAC, with headquarters at Yangambi, on the Congo River. And it has put into practice a far-reaching settlement project called the *Paysannat* Plan, which has done much to create a stabilized agriculture among the African tribes.

Similar progress cannot be claimed for the livestock industry. In spite of the large numbers of livestock—mainly cattle—they are more of a sociological than an economic factor. Cattle are kept for their prestige value and to trade for wives; they hardly enter at all into a money economy. As a result, the country does not supply its own needs for dairy products, meat, and other livestock products.

Agricultural Exports

The Belgian Congo is the biggest exporter in Middle and West Africa. Its export trade runs to around a half billion dollars every year, compared to Nigeria's \$370 million and French West Africa's \$300 million. However, exports of agricultural products from

(Continued on page 8)

¹ Self-rule has not yet been promised for the Belgian-administered United Nations Trusteeship Territory of Ruanda-Urundi, but some form of future independence seems destined for this small territory in the African highlands just east of the Congo proper. Production and trade figures in this article include both the Belgian Congo and Ruanda-Urundi.



On the Congo's big plantations, palms are carefully tended. Above, 6-month trees in a nursery near Lisala; right, pollination in a palm grove, Lukombe.

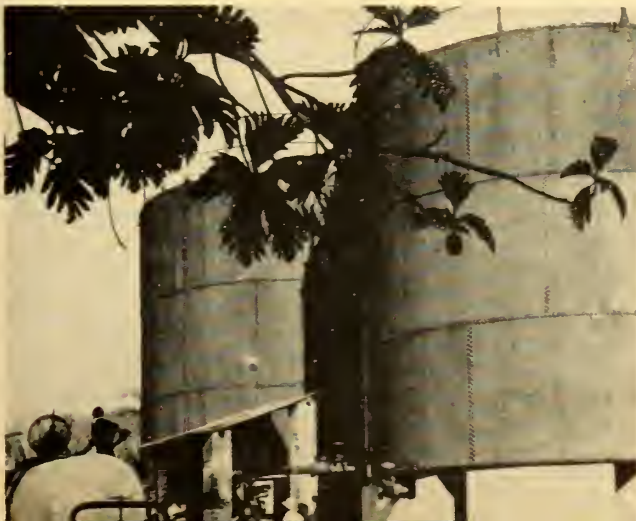
The Congo's Palm Industry is a source of wealth

From the fruit of the towering oil palm, the Belgian Congo's highly organized palm industry derives four kinds of produce which together represent the Congo's most valuable agricultural export. *Palm oil* comes from the flesh of the fruit. *Palm kernels* come from the nuts within the fruit. The kernels when crushed produce *palm kernel oil*; their residue is *palm kernel cake*, a valuable livestock feed. The best grades of oil are used for margarine, cooking fats, chocolate bars, and other foods; the lower grades, for soap and candles; industrial grades, for steelmaking and lubrication. For these oils, the Congo is the main U.S. source; and the U.S. market accounts for nearly half of the palm kernel oil that the Congo exports, although it takes only 10 percent of the Congo's palm oil shipments.

Photos from Congopresse



In these tanks, palm oil is stored before being loaded onto boats that will take it down the Mongala River for export.



Above, cutter with vine ring he uses for climbing. Harvest goes to mill in small cars (below) that fit into sterilizer.



the Congo are not as large as those of the other two areas. Congo agricultural exports average about \$170 million compared to \$320 million from Nigeria and \$280 million from French West Africa.

Belgium is the Congo's best customer for agricultural products, with the United States and West Germany coming in rather far behind in second and third position. In 1957 the Congo's chief agricultural exports to the United States were palm oil, rubber, palm kernel oil, coffee, pyrethrum flowers and extract, hides and skins, and tea—in all \$28 million worth. It is believed that the United States also bought a good deal of the coffee shown in the Congo export tables as going to the Indian Ocean ports of Dar es Salaam and Mombasa. Nearly all of this coffee is Arabica variety from the highlands of Ruanda-Urundi.

Agricultural Imports

Imports of agricultural products by the Congo and Ruanda-Urundi were mostly foods for city consumption, plus beverages and tobacco. Although the African population far outnumbers the European, the latter is largely responsible for the growing demand for packaged and prepared foods. Leopoldville, the country's capital, was reported to have had a supermarket long before Belgium did.

Belgium, in 1957, supplied 20 percent of the country's agricultural imports, and the United States 19 percent. Belgian products covered a wide range and were valued at \$7.3 million; those from the United States were mainly wheat flour, dairy products, malt, and tobacco and were valued at \$6.8 million. The Union of South Africa was third, with 11 percent.

The Congo's Potential

Important as the Congo's agricultural export trade is, it is only one key to the country's future. Its mineral and power resources have a greater money potential. The Congo produces more than 50 percent of the Free World's uranium, 72 percent of its radium, 80 percent of its cobalt, 70 percent of its industrial diamonds, and 8 percent of its copper. Besides uranium, the United States takes some \$100 million worth of other products

France and W. Germany Sign Grain Pact, First Under Common Market

The first agricultural long-term agreement under the European Economic Community Treaty—the Common Market—was concluded this spring when France and West Germany signed a grain agreement for the 4-year period 1959-62.

The agreement is reported to call for a basic quota of 700,000 metric tons of grain annually. However, in 1959 Germany is to take 650,000 tons¹ only, of which 325,000 tons is milling, or filler, wheat. The remainder will consist of feed grains, largely feed wheat and barley. The 1960 quota is increased by 50,000 tons of feed grains to a total of 700,000 tons. The 1961 and 1962 quotas are 725,000 and 775,000 tons, respectively, of which 25,000 and 75,000 tons are to be strong wheat. If France should be unable to supply strong wheat the quota will remain at 700,000 tons.

The European Economic Community Treaty in its provisions concerning agricultural agreements has this to say (Article 45):

"With regard to quantities, such agreements or contracts shall take as their basis the average volume of exchanges between Member States in the products concerned during the three years preceding the date of the entry into force of this Treaty and shall pro-

vide for an increase in that volume within the limit of existing requirements, due account being taken of traditional trade currents.

"With regard to prices, such agreements or contracts shall enable producers to dispose of the agreed quantities at prices progressively approximating to those paid to national producers in the home market of the purchasing country."

The quantities called for in the current agreement are apparently based on the previous French-German agreement of 1955 rather than on the average quantity shipped during the 3-year period 1955-57. On the basis of the 1955 agreement, which called for 700,000 tons of grains annually (of which 500,000 tons are wheat), the quota increases now contemplated are very modest. Compared with the average annual volume shipped during 1955-57—less than 600,000 tons—the increase is more substantial.

The Treaty, it will be noted, also calls for increases in the prices which Germany pays for French grains so that these prices gradually will approach the high prices which German producers receive. Therefore, the current agreement states that for contracts completed in 1959 Germany will pay the world market price plus two-twelfths of the difference between that price and the German price. In each following year, another one-twelfth of the difference will be added to the price which the Germans will pay for French grains.

¹ The reduction from 700,000 to 650,000 tons is reported to allow for imports by Germany from sources specified in the previous French-German agreement and not members of the EEC.

a year, both agricultural and non-agricultural.

Furthermore, the Congo's mineral reserves are tremendous, and the power resources are there to develop them. The proposed Inga hydroelectric project, on the Congo River below Leopoldville, could produce electricity equal to the total now being used in all of Western Europe. Its development would place the Congo in the position of becoming one of Africa's

most highly industrialized countries, with an increasing demand for imported food plus the ability to pay for it.

Yet it is evident that continued political stability is vital to the continued economic progress of the Congo. With basic resources that can hardly be matched anywhere else in the world, such progress seems inevitable, given good management and a favorable political climate both at home and abroad.



Photos courtesy Norweign Information Service



Contrasts in Norwegian agriculture: the rich hillside farms north of Oslo, right, and the poor, uneconomic units in the country's high mountains, left.

NORWAY'S AGRICULTURAL POLICIES

By ANTHONY N. CRUIT
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NORWAY is a typical mountain land. Of its total area only a small percentage is agricultural, and the rest is covered with forests, lakes, rivers, and bogs. It is also a country divided by many fjords and mountains so that there are few large, connected tracts of arable land.

Because of these natural conditions, Norway is best suited for growing fodder crops for livestock. Livestock and livestock products provide about 73 percent of the receipts for agriculture; and of these the most important is milk, with meat second. Grass is the leading crop; two-thirds of the land under cultivation is used for pastures and meadows. The remaining third is under tillage; over half is in such grains as barley, oats, wheat, and rye. Also important are potatoes and vegetables.

Norway's production of livestock and livestock products covers slightly more than the country needs. Crop products, for the most part, must be imported in fairly large quantities. In caloric value the total production covers only a little more than half of the food requirements, with the greatest

deficiencies in grains, sugar, vegetable oils, and fruit. All cotton and tobacco must be imported too.

It is the goal of Norway's production policy to supply enough livestock and livestock products to meet the domestic needs without incurring a surplus for export; also sufficient vegetables, fruits, and edible fats to cover the better part of the country's needs; and bread and feed grains in increasing quantities. The high cost of farming makes it difficult for Norwegian agriculture to compete in international markets, so that export surpluses are not desired.

The privation that Norwegians suffered during the two world wars, when the agricultural imports on which they depend were cut off, made them more aware of the importance of domestic production. This led to the policies for increasing production. Social policies, such as helping people settle on the land, contributed to the same end. But because of the unfavorable natural conditions and the small size of the farms—89 percent are less than 25 acres—this could only be done with

the aid of heavy protection and subsidies. Higher tariffs, import licensing, and state trading are the means used.

For a number of years after World War II, the protective purposes of these policies were to some extent obscured because the balance of payments difficulties also made controls on farm imports imperative. In 1958 the control of regulations governing agricultural imports was shifted from the Ministry of Commerce to the Ministry of Agriculture, thus reflecting the increased emphasis on the protective aspects of these restrictions. However, it is believed that this action will have little, if any, effect on the imports of U.S. agricultural products.

In line with Norway's general social policy, the government wants to improve the economic status of the least favorably situated farms. In certain remote mountain and fjord areas, particularly in the north, special prices on milk are paid. Also, smaller farms have the advantage in the government's feed policies, the payments of subsidies on milk and fertilizers, and the availability of loans and grants.

Price and Income Policies

The government's price and subsidy policies serve several main objectives. Since 1947, it has been the government's stated long-term goal to help provide economic equality for the farm population in relation to other segments of society. The government has also strived for a degree of equalization of income among farmers and has tried to bring about adjustment in production. At the same time, the government is trying not to affect the cost of living, which would naturally be influenced by these policies.

General price-fixing was used in Norway during World War II, when price ceilings for many farm products were set. Following the war, the farm organizations took steps to keep prices at ceiling levels. From 1946 to 1948, prices were fixed from year to year; then in 1948, a 2-year agreement was put into effect.

In 1950, the government and the farm organizations reached an agreement, which not only firmly established the right of farmers to negotiate with the government to determine prices to producers for the major farm products, but also specified the rules of procedure of the negotiations. Later the same year, it was agreed that prices should be determined on the basis of regularly assembled and analyzed statistical material. In these negotiations farmers are represented by their two major organizations and Parliament must ratify the agreement reached.

Two aspects of price-fixing were introduced in 1950. First, it was decided that a certain price relationship should be maintained between grain and milk. Secondly, farm prices were tied indirectly to the cost-of-living index. Thus, if the cost of living rose, so did farm prices. The subsequent agreements of 1954, 1956, and 1958 were based primarily on the 1950 agreement. Still in effect is the agreement of June 30, 1958, which will govern agriculture for 3 years. The three areas covered by this agreement are prices, subsidies, and import regulations for agricultural products.

Grains

The prices of all domestically grown grain are fixed, and they are much higher than the world market prices.

The State Grain Monopoly controls the handling of grains and feed concentrates. Imports are controlled through a system of contracts with importers and private mills. The Monopoly also maintains reserves at a certain level and, through its high prices, encourages grain production. It must purchase all domestic grain offered at the fixed prices, thus stabilizing the domestic market. Under the 1958 agreement, the basic grain prices paid by the Monopoly will remain at their present level during the 3-year period of the agreement.

The Monopoly has sole import rights for feed concentrates. The Feed Concentrates Distribution Program of July 1956 carried out by the Monopoly will remain in force. This program is designed to achieve three things: first help maintain desirable levels of livestock production; second, encourage domestic production of feed concentrates; and third, assist operators of small farms.

The program is based on a two-price system: the basic price at which unrestricted quantities of feed concentrates may be purchased by any farmer; and the lower discounted prices at which feed concentrates are sold on a quota basis. About one-half of the total feed-concentrate sales are made at discount prices. Quotas are based on the number of animals on each farm and the size of the farm.

The Feed Concentrates Program is administered by the Feed Concentrates Committee appointed by the Ministry of Agriculture. It is of major importance not only in the regulation of feedstuffs but in its effect on the level of livestock production as well.

Milk and Dairy Products

The milk price to the producer is determined indirectly by the maximum consumer prices for milk and milk products. A complex system affects the final price which the producer receives. Several subsidies are involved, including a basic milk subsidy to all milk producers, a subsidy on farm-produced butter and cheese, and special subsidies for the benefit of small producers and of producers in certain regions. Under the 1958 agreement, the maximum prices for milk and milk products were increased about 11 percent. Subsidies

for milk were lowered but not in direct proportion to the price increase, and so the consumer price rose.

Meat and Eggs

In principle, meat prices are free, but actually they are influenced by the actions of the Meat Marketing Association, which announces weekly guiding prices. The Association helps maintain these prices through storage operations and occasionally through exports. Seasonal price fluctuations are permitted up to stipulated limits, but if these limits are exceeded for a certain length of time, the government may permit imports or may introduce ceiling prices. The system for eggs is similar to that for meat.

Vegetables and Fruits

The price of ware potatoes is free, but there is a guaranteed price for potatoes for industrial use. Also, farmers receive certain subsidies, which are administered by the State Grain Monopoly. Import controls now regulated by the Ministry of Agriculture are the chief means of maintaining the prices for potatoes, fruits, and vegetables. The Ministry itself acts on the recommendation of the newly formed Import Council, which is made up of 14 representatives of four Ministries, two farmers' organizations, farmers' marketing cooperatives, the Consumers Council, and the private wholesale fruit and vegetable trade. Its main function is to set the period when fruits and vegetables may be imported.

Land Policies

Norwegian land policies have been concerned with four problems: Redistribution of land, cultivation of new land, establishment of new farmlands, and creation of larger holdings, either through amalgamation of smaller holdings or addition to existing holdings.

The redistribution and consolidation of intermixed and joint holdings first started in 1821 and is now under a revised Act of 1950, which provides that any owner may request redistribution from the Redistribution Court. The court decides if anything is to be done, and, as far as possible, tries to provide for consolidation of each owner's plot. If this cannot be done, the

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Is U.S. Lard Losing Out On World Markets?



By JOHN V. LYNCH

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FOR THE last 2 years, U.S. lard exports, long important in U.S. agricultural export trade, have been slipping rapidly. In 1957, they were 22 percent below the year before; in 1958, they fell another 23 percent. Now, however, U.S. hog numbers—and lard supplies—are increasing; and exports are expected to increase also.

Similar export slumps have happened to lard before, and recovery has taken place just as it appears to be doing now. But what causes some concern to U.S. lard exporters is the fact that exports are accounting for an ever smaller share of total U.S. lard output. In 1945-49, that share averaged 20.7 percent; in 1950-54, 20.4 percent. After 2 good years, it declined to 19.6 percent in 1957 and to 15.7 in 1958. It is expected to remain about the same in 1959. These figures suggest that during the years of smaller exports, U.S. lard may be losing ground in foreign markets—ground that it does not later regain.

In large part, these export ups and downs depend on things the U.S. lard trade cannot control. Supply is one of these. U.S. lard exports come out of the comparatively narrow margin between output and the large, more or less fixed, total domestic demand for

direct use of lard. This means that when production goes down there is less lard available for export and its price is usually higher; so foreign demand falters. Another factor is foreign competition, both from lard and from butter and vegetable fats and oils. A third is the dollar shortage in some countries that are good lard markets, either traditional or potential. In the past 4 years, these three circumstances have produced first an export boom, then an export slump.

Here is how the supply factor has worked. The total supply of lard in the United States is determined by hog numbers and lard yield per hog. For example, in 1955 and 1956, after a series of bumper corn crops, heavy hog slaughter brought abundant supplies of lard. With the resulting lower prices, U.S. lard had a strong demand in world markets. Exports rose sharply.

During this period, Public Law 480 helped countries with dollar exchange problems to purchase lard for their own currencies. This, together with other assistance programs, enabled U.S. shipments to reach near-record levels.

But the large slaughters of 1955 and 1956 led to a sharp decrease in hog numbers. During 1957 and most of 1958, when the U.S. pork industry was

rebuilding by slaughtering fewer hogs, less lard was being produced. In addition, more was being used in the manufacture of shortening. The result was a contraction in the amount available for export. Consequently, the price rose in 1957; U.S. lard prices topped those in all other exporting countries.

Associated with this situation were developments abroad that meant increased competition for U.S. lard exports.

One of these was increased world production. Historically, the bulk of our lard exports moved to West European countries and other North American countries. Lard production in some of these has increased. And other sources of supply have given stronger competition to the United States.

Western Europe's lard production continued its steady increase during 1958 and is now at the highest point in 10 years. Most producer countries were able to become self-sufficient in lard; and traditional East European producers like Poland again became suppliers of lard to West European markets.

Among U.S. lard markets, the United Kingdom has been and still is important. Per capita consumption of lard there has been increasing. Total imports in 1958 went up, but higher U.S. prices resulted in decreased imports from the United States, and European suppliers were able to increase their share.

(Continued on page 21)



Photo by Pan American Coffee Bureau

Coffee berries being dried on platform. El Salvador's trade position, for years one of Latin America's soundest, is in jeopardy from decline in coffee prices.

El Salvador Fights To Keep Its Favorable Trade Balance

By Mary S. Coyner
Latin American Branch
Foreign Agricultural Service

TO EL SALVADOR, world's fifth largest coffee exporter, the slump in world coffee prices during the past 2 years has meant economic problems. Since coffee is the country's chief export, foreign exchange earnings have fallen. At the same time, demands on these earnings have risen: local industries need imports of capital goods and the increasing population needs more food than local crops can supply. For the past decade, El Salvador has had a comfortable margin of exports over imports; but this margin narrowed abruptly in 1958 and, if present trends continue, could vanish.

Since World War II El Salvador has consistently maintained a strong financial position with a low government debt, a stable currency, and adequate reserves of gold and foreign exchange. Even for 1957, the year coffee prices began to decline, the books showed a favorable trade balance of around \$23 million, since coffee exports had risen 28 percent by volume and 26 percent by value. But by December 1958, this balance had shrunk to \$2 million.

Even before this situation arose, however, El Salvador had begun to work toward diversifying its economy, and success in these efforts could help protect or even restore its foreign exchange reserves. It hopes not only to boost production of traditional export crops like coffee but to find new ones. It also hopes to increase production of major food crops. At the same time, the program calls for encouraging industrial production, as a weapon against unemployment. The ever-increasing rate of population growth, especially in rural areas, has meant a surplus of farm workers seeking jobs in the towns.

Export Crops

Coffee accounts for around 85 percent of the value of all El Salvador's exports. Stimulated by high world prices, coffee production has gradually increased over the years, and now the area suitable for coffee culture is almost completely utilized. Thus any further increase will have to come primarily from better cultural methods.

El Salvador's coffee, of high quality,



Shallu sorghum, trial planting. Grain sorghums are widely grown for food.

is much in demand for blending with other coffee. The United States is still the top market, but West Germany is taking increasing amounts. Exports in 1957-58 reached 1.3 million bags—a high level, though well below the peak of 1956-57.

The country started its 1958-59 coffee year last October with little if any carryover, as usual. It expects a crop of 1.5 million bags; exportable supplies should total 1.4 million. Actual exports will be less, however, because of the retention plan included in the Latin American coffee agreement of

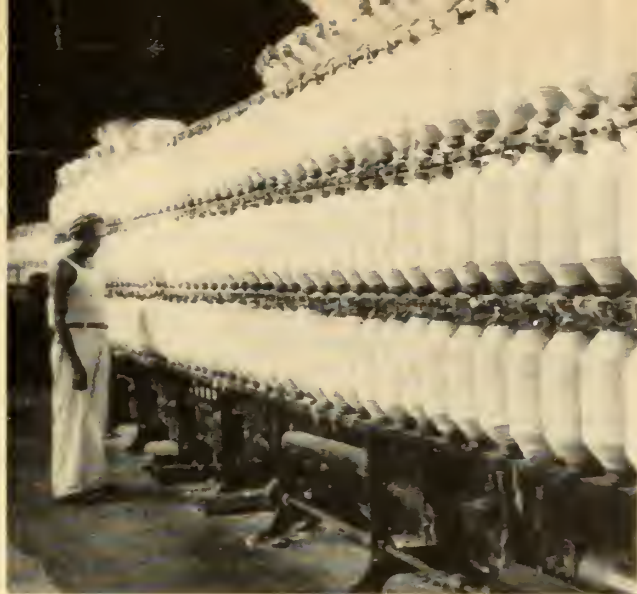


Photo by IIAA

Winding room in local cotton mill. El Salvador produces enough cotton for its own industry and sizable exports.



Henequen fiber ready for local rope and bag industry. Henequen, like cotton, is grown for both home needs and export.

which El Salvador was one of the original signers in 1957.

The government, through its Institute for Coffee Research, is encouraging research on increasing coffee production. There is a swing toward sun-grown coffee—which has higher yields than shade-grown—and toward the use of higher yielding varieties. There is emphasis also on irrigation and heavier fertilization. Another government organization working toward the expansion of the coffee industry is the Foreign Trade Commission, which promotes coffee exports.

Although coffee still is unquestionably the most important factor in El Salvador's economy, cotton has made

tremendous strides as an export crop. Production has risen from the pre-war 5,000 bales to an estimated 200,000 in 1958. The cotton is of good quality, comparing favorably with like varieties produced in other cotton-growing countries. And it has found good markets. Japan is the biggest buyer, followed by the United Kingdom, France, West Germany, and the Netherlands.

Cotton export values tripled in the 4 years 1953-56, jumping from \$6.3 million to about \$18 million, which represented 16 percent of the 1956 foreign exchange earnings. In 1957, however, cotton exports dropped back somewhat, reaching only \$15 million.

Factors that have contributed to this boom in cotton are good world prices, high yields in recent years, and declining revenue from coffee. However, cotton must compete with food and other crops, including pastures, for available land. So future expansion of cotton acreage will probably be slight.

Other exports are insignificant as compared with coffee and cotton. They are mostly of agricultural raw materials such as henequen fiber, cottonseed, and cottonseed oil. However, the government is searching for new earners of foreign exchange. It has investigated the commercial possibilities of bee culture and of the production of

Courtesy Pan American Union



Government fosters modern farm practices through research and extension. Left, an improved herd begins; below, laboratory of cooperative agricultural station.



cashew nuts and aceituno—a fruit that is crushed to yield edible oil.

Food Crops

El Salvador's basic food products are corn, beans, grain sorghums, rice, sugar, and meat. Though the country is close to self-sufficiency in most of these commodities, the growth of the population is placing an ever-increasing strain on productive capacity. In fact, net imports of corn, rice, grain sorghums, and beans were made in the years 1951-58, and will probably be needed in 1959 also.

Some concern is felt in official circles over the effect of expanded cotton acreage on the production of most food crops, particularly corn. Practically all the arable land is now in use, so that increased food output can come only through increased yields. Sugar output has already improved through the planting of better varieties and the use of fertilizer; El Salvador is now a small net exporter of sugar. Output of dairy products too is increasing, though consumption is extremely low; meat production has remained fairly stable. As with crops, so also with livestock and its products any increase must come from better practices and improved stock. Some progress is being made in this direction with government assistance.

The country's plans for increasing food output are carried out in part through joint technical assistance programs of the government and the International Cooperation Administration of the United States. In one such program, technicians supervised the commercial production of 79,000 bushels of hybrid seed corn for use in planting the 1957-58 crop. And as a result of research and extension projects El Salvador imported from 1952 to 1956 over \$25 million worth of fertilizers, insecticides, fungicides, machinery, and livestock, mostly from the United States.

There has been progress in agricultural education also. The Ministry of Agriculture operates several experiment stations, and an active extension service spreads the results of their research out among established farms. The National School of Agriculture, established in 1956, provides a 3-year course in vocational agriculture; the

first class will be graduated this year. The National School also trains teachers for future crops of young farmers. And through the Ministry of Agriculture, promising students are sent out to absorb the best agricultural techniques of other countries.

Industrial Development

Still another phase of the government's plan for economic diversification is its encouragement of industry. The Salvadoran Institute for the Development of Production (INSAFOP) was established to help set up and expand both agricultural and industrial activities. Under the Processing Industries Development Law, certain new industries get tax exemptions; and imports of machinery, equipment, and raw materials are duty free.

Like 1957, 1958 was a record year for local industry. A new coffee roasting plant was opened in November; the facilities of the cigarette plant and soluble coffee plant were expanded. The establishment of new industries manufacturing paint, plastics, and cement blocks has augmented the import demand for capital goods; but these industries have helped relieve the pressure of unemployment. Among the products of older industries are textiles, pasteurized milk, construction materials, soap, sugar, recapped tires, feed for cattle and poultry, milled rice, candy, baked goods, and spaghetti.

Despite the progress of other industries it is still the coffee industry that sets the tempo for El Salvador's economy. With the slowdown in coffee exports came a decline in government income, of which about 20 percent comes from the coffee export tax. The Minister of Economy forecast a decrease of \$4-6 million in government revenues from coffee exports in 1959. To offset this, as well as to help protect gold and exchange reserves and serve as a further hedge against unemployment, the tariffs on cotton manufactures and alcoholic beverages have been sharply increased. Other increases may be incorporated in the tariff revision that has been in preparation for several years. In general, the result of this revision will be to keep tariffs low on necessary imports but increase them sharply on luxury items.

Norway's Agricultural Policies

(Continued from page 10)

court can determine the use of jointly owned land. Further, it can provide for roads, ditches, fences, building removal, and settle disputes of ownership boundaries, and other rights.

Since the end of the last century the government has provided bonuses and loans to increase cultivation on existing farms and grants to establish new farms on uncultivated land, in an effort to increase the total amount of cultivated land. This money covers about one-fourth of the capital needed.

The organized work of setting up new farms on uncultivated land was begun in 1912 by the New Land Society. The government has supported colonization since 1921 through grants and loans. Under this program, 7.5 acres is the minimum size for "colonization" farms, and the average size is about 45 acres, including forests and uncultivated land. Roughly, half of the cost of establishing a new farm is met by the available grants and loans; to obtain the rest many colonists do additional work off the farm, and in such cases, developing the new farms takes much longer.

Under modern conditions, the small farms created through earlier legislation are not viable. When these farms were established, little consideration was given to the economic and farm management problems involved. In an effort to remedy this situation the Land Act of 1955 was put into effect, giving the government the first option to buy land when it is placed on the open market. Land which is acquired in this manner may either be sold to an already existing farm or be used to provide land for new farms which will be efficient, economical units.

The new farms which are created must be able to give the owner a year-round occupation and return enough income to cover all necessary expenses and a reasonable remuneration. The law prohibits the breaking-up of small farms now in existence unless they will be added to other farms to make better economic units. Since the law has been in force only a few years, it is too early to tell whether it is effective. The success of this program will depend greatly upon the land made available.

Technicians weigh and label rough rice at Rice Inspection Office, New Orleans. Below right, expert judges rice samples at Bangkhen agriculture fair, Thailand.



The International Rice Industry Moves Toward Standardization

Five years ago every rice-exporting country had its own terminology, its own grading system, its own idea of what constituted quality. Today, an international group of rice experts is establishing uniform standards.

By **DEXTER V. RIVENBURGH**
Grain and Feed Division
Foreign Agricultural Division

ALTHOUGH RICE ranks among the Big Five in the international farm trade and is the staple in the diet of more people than any other food in the world, the rice trade itself has been handicapped by a lack of uniform standards, which has limited the orderly movement of rice from exporting areas to consumer. This has led to difficulties in completing sales between buyer and seller. It has made it hard to adjust disputes. And equally important, it has presented problems in evaluating market demand and establishing pricing policies.

Conscious of this lack of uniformity, the International Subcommittee on the Economic Aspects of Rice—which is part of the Food and Agriculture Organization of the United Nations—set up a working group of experts from six of the rice-exporting countries. This group was scheduled to meet prior to the regular yearly meetings of the Subcommittee, and its purpose was to discuss the grade and qualities of

rice moving into international trade. The first meeting took place in Bangkok in 1955, and the most recent, this February in Colombo.

In the 5 years of its existence, the group's accomplishments have been of great interest to all the world's rice exporting and importing countries. It was early agreed that a major problem was the question of quality and quality control. No international trading points existed for rice as for other grains, and in only a few countries had adequate national standards been developed. Of the standards in existence none were comparable in detail and coverage to the official rice standards of the United States.

Rice Terminology

At the outset the experts decided that as a first step it was essential to determine to what extent an agreement could be reached on a common definition of terms employed in the description of rice in international trade circles. For example, one of the



By Graham Quate

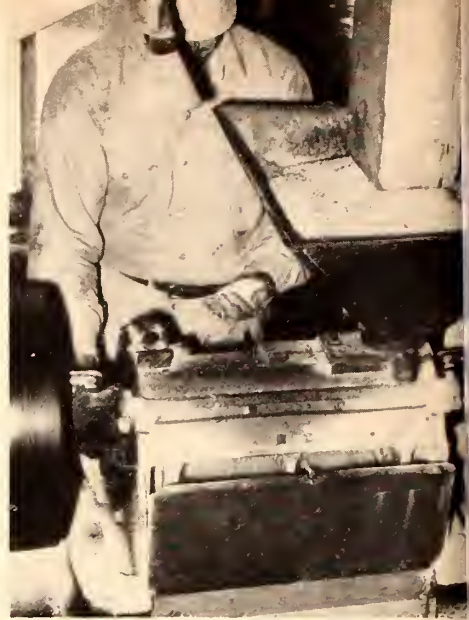
problems in rice terminology is related to rice that has had some degree of processing—brown rice, cargo rice, undermilled—as distinguished from the finished product, milled rice. Broken rice also needed to be defined since the wide range of sizes is confusing to importers.

By 1958 the working group had drawn up a glossary of terms and this was published in seven languages. In the same year the group also completed its study of the widely different

As a rice marketing specialist, Mr. Rivenburgh represented the United States in three of the four main sessions of the international rice working group and served as chairman of the sessions in Colombo this year.



In only a few countries of the world have adequate national standards been developed for the rice industry. Above, Korean woman polishing rice with hand stone.



A contrast to the hand method is this rice polishing machine used in the U.S.



Above, rough rice passes through hulling machine where bran is removed. Below, checking rice for weed seeds and damaged kernels to decide grade.



systems of grading used throughout the world. Systems of Burma, France, India, Italy, Japan, Madagascar, Thailand, Vietnam, and the United States were studied, also the proposed systems for Papua, New Guinea, and Venezuela. Out of this evolved a model grading system, with certain basic principles that the rice-exporting countries should consider in drawing up their own national systems. In no sense was this model intended as an international system to be followed explicitly by all countries.

Grading Categories

It was felt that any system of grading should cover at least three main categories: First, a description of the grain itself; second, the degree of processing; and third, the characteristics the rice had acquired as a result of processing.

For countries like the United States where varieties of rice have been standardized, the description of the grain is best served by using the varietal names. But in many countries where varieties have not been standardized, the description of the grain itself would apparently be best accomplished by classification as to such external characteristics as size, shape, or weight.

On processing, a basic system should include three points. It should indicate any processing prior to milling, such as parboiling. It should specify the degree of milling—undermilled, medium milled, or fully milled. And it should also indicate any processing

supplementary to ordinary milling, e.g., coating, enriching.

With regard to the third basic principle—the characteristics that the rice has acquired as a result of processing—eight main criteria are listed, which form the basis for grades: Percentage of broken kernels, red kernels, damaged kernels, chalky kernels, foreign matter, paddy, contrasting classes, and moisture.

Quality Determination

At this year's meeting the working group turned its attention to another aspect of the rice industry—quality determination. Considerable progress was made with data collected from various rice-growing countries; and at the 1960 meeting it is likely that a model system for the development of methods of quality determination will be presented as a companion effort to the model grading system. The group this year also studied the mechanical devices used in grading, the relative degrees of milling common to rice moving into export, and the range of rice byproducts.

Extremely significant has been the reaction to the material published so far. Several countries have adopted new procedures and others are in the process of establishing grading systems. Many countries have reproduced some of the basic documents in their own languages. Much work remains; yet in the coming years we can expect substantial improvements in the quality and standards of rice moving into trade.

How Agriculture Has Been Faring In the West German Republic

By ERNEST KOENIG
European Analysis Branch
Foreign Agricultural Service

THE YEAR 1958 was one of the best in the history of German agriculture. Such is the message conveyed by the fourth "Green Report," a mandatory account of the state of agriculture rendered each year to Parliament by the German Government.¹

Almost all production indices reached record levels. The index of crop production rose in 1957-58 to 114 (based on the 1935-38 average); that of food production, to 130. Both indices are expected to increase further during 1958-59, the former to 120, the latter to 136. Although the number of livestock units was lower in 1958 than in any previous year since 1950—only 90 percent of the 1935-38 average—livestock output was considerably higher than before the war. Annual milk yields per cow reached 3,169 kilograms (about 6,970 pounds), 28 percent more than before the war. Annual egg production per hen averaged 134, or 24 percent more than in prewar times. Meat yields per cattle and hogs were also at or near record levels.

The value of output in 1958 was higher than in any previous year. The share of agriculture in the national income was the same as in 1957 (7.9 percent), after having continuously fallen since 1952. Prices received by farmers in 1957-58 rose by 3.3 percent over the previous year; the prices of means of production rose by only 1.5 percent; but since agricultural wages also increased, the combined index of wages and prices paid by farmers for farm inputs increased by 4 percent.

The sales proceeds of agriculture

during 1957-58 amounted to DM17.4 billion (\$4.14 billion), or 11 percent more than during the previous year. Farm expenditures on means of production and wages totaled about DM 12.8 billion (\$3.18 billion), an increase of 7.9 percent over 1956-57.

The growth in farm income resulted primarily from an increase in the sales volume, and only to a lesser extent from rising prices. It is noteworthy that farm income, which up to 1953-54 had risen as fast as the so-called mass income (i.e., total wages and salaries of all workers and employees) but had since lagged behind, grew slightly faster than mass income in 1957-58.

Government Support

These achievements are largely due to the liberal support given to agriculture by the German Government. Government programs consist of price support measures; marketing regulations, which include far-reaching protection against foreign competition; and—last but not least—measures designed to increase the technical efficiency of farming.

Government support of agriculture aims primarily at income parity between agriculture and other sectors of the economy. Germany's basic agricultural law requires that investigations be undertaken each year to assess the degree of income parity. The concept of parity includes not only estimates of wages and other remunerations received by those active in farming, but also estimates of returns on farm capital in relation to incomes of comparable nonfarm occupational groups.

Income Parity

In 1957-58, the difference in remuneration between these two income

groups lessened for the first time since the enactment of the basic agricultural law in 1955. Farm incomes (i.e., the per capita income of the farm labor force), which in past years averaged about 70 percent of the parity level, reached 78 percent. Farms achieving parity remuneration of labor and a satisfactory return on capital included 18 percent of the total agricultural land in 1956-57, but 29 percent in 1957-58.

Since parity between agricultural and nonagricultural incomes presupposes increases in agricultural productivity, it is evident that farmers who cannot adapt their farms to technical improvements must fall behind. Such farmers may have to discontinue production, sell their land to others, and move into employment other than agricultural. Aware that this process is inevitable, government policy, while promoting technical improvements, tries at the same time to aid the exodus from agriculture of those whose farms cannot survive.

Structural Changes

Since the war, profound structural changes have taken place in German agriculture. Growth in production and productivity has been accompanied by a tendency of farms to increase in size and decrease in numbers. Between 1949 and 1958 the number of farms declined by 166,000, or by 8.7 percent. Between 1957 and 1958 alone this decline amounted to 25,713, or 1.5 percent. This process affects almost exclusively farms of up to 10 hectares (about 25 acres) in size. The number of these farms fell by 191,200, or 12.5 percent, their area by 607,900 hectares, or 11.5 percent, between 1949 and 1958. Farms of over 100 hectares also tended to decline. However, this change is insignificant in comparison with that shown by small farms.

Along with the reduction in farm numbers, the agricultural labor force is diminishing. The total number of full-time workers (part-time or seasonal workers being counted as fractions of full-time workers) declined by 130,000 in comparison with the previous year. Since prewar times, approximately one million full-time workers have left farming.

Labor productivity in agriculture has

¹ See *Foreign Agriculture*, May 1956, 1957, and 1958.

continuously risen during the past years. Between 1954 and 1957 the average rise was 4 percent. This was the result not only of progressive mechanization, but also of the better training of the agricultural labor force.

The increasing scarcity of farm labor led to higher farm wages. In 1957-58 farm wages rose by 8 percent, while weekly earnings in industry increased by only 5 percent. The difference between industrial and agricultural wages thus tends to become smaller. Nevertheless industrial wages in 1958 were still 25 to 30 percent higher than farm wages.

Farm investments in machinery and construction amounted to DM 2.1 billion (\$500 million) in 1956-57 and to DM 2.35 billion (\$560 million) in 1957-58. This increase is closely related to the farmers' efforts to offset labor shortages by mechanization. The greater part of these investments—DM 1.73 billion (\$412 million)—was used for the acquisition of farm machinery and equipment; the remainder, for the construction of farm buildings. Almost half of the funds used for this latter purpose came from credits subsidized by the government.

By July 1958 the total indebtedness of German agriculture amounted to DM 10.2 billion (\$2.43 billion), an amount estimated as equal to about 11 percent of the value of farm capital.

In the "Green Report" the federal government renders account of the state of agriculture. In the "Green Plan," which is simultaneously published, it reports on past measures taken in favor of agriculture and on those it proposes to take in the future.

1959 Plan

The "Green Plan" for 1959 foresees that direct government expenditures in support of farmers will remain on the same level as in 1958, namely DM 1.34 billion (\$319 million).² However, more emphasis is to be placed on measures facilitating basic structural adjustments leading to higher productivity, less on measures tending

(Continued on page 20)

² This was, however, only a part of the total government support for agriculture, which was estimated all together at DM 3.17 billion (\$755 million) in 1958.

Sunflowerseeds, Coffee, Soybeans Register Biggest Production Gains

Production of 31 of the 33 major crops on which the Foreign Agricultural Service keeps statistics has risen in the last decade. Sunflowerseed led the way with a rise of over 50 percent between the 1950-54 average and 1958-59. Russia, which produces by far the largest share, was responsible for the rise. About a third of Russia's sunflowerseed is used in margarine, and some is used for cooking and soap.

Coffee and soybeans nearly tied for second place with over 40 percent increases. A large part of the coffee expansion occurred in the last 2 years and was attributed to favorable crop conditions in Brazil, while expanded acreage and yields in the United States accounted for the major portion of the soybean increase.

Sisal placed third, just ahead of peanuts and centrifugal sugar. Sisal expansion is a result of increased wartime planting and high prices, while peanuts owe their increase to larger acreage and improved African culture.

Production of only two major crops has declined from the 1950-54 average. Abaca dropped nearly 18 percent because world demand has waned, and, as a result, the Philippines—the main supplier—is producing less.

Sesameseed output also declined sharply—over 20 percent. A large part of the decrease came about when Red China—once the world's leading grower—dropped it from its production plan in 1956. India now leads world output.

Of the six most important crops in world trade, coffee—the leader—and sugar—fourth place—both were in the top group of crops showing the largest expansion in production. They differ, however, in that sugar supplies are not burdensome, whereas large stocks of coffee are accumulating.

Cotton, the second ranking crop in world trade, managed to boost output nearly 14 percent despite a 3-percent drop in acreage. Yield per acre rose 17 percent from 227 pounds during the 1950-54 period to 266 in 1958.

More acreage is planted to wheat—

the third most important crop—than any other crop in the world. Production is up 25 percent because of marked expansion in Russia and Communist China and a shift in world acreage from rye to wheat. Wheat area is up 57 million acres, while rye is down 11.5 million.

Rice acreage is second only to that of wheat and has expanded more rapidly in recent years. Despite larger supplies of rice in exporting countries, however, larger crops and foreign exchange difficulties in importing countries and relatively low prices of other cereals may prevent any marked increase in the volume of rice trade.

Tobacco, the No. 6 crop, showed an overall expansion of nearly 6 percent in 1958 from the 1950-54 average, but was down 5 percent in 1958 from 1957. The major decline was in oriental. All the dark tobaccos were down too, because demand has lessened.

The biggest expansion in world acreage devoted to all major field crops occurred between 1953 and 1956 when the USSR's total cultivated area increased from 388 million to 481 million acres. Other world areas have registered only small changes in cultivated acreage. In Asia, where the greatest efforts to expand have been made, acreage increased about 13 percent between the 1950-54 average and 1956, but has not risen any further. A decline of 20 million acres in North America—largely as a result of the U.S. Soil Bank program—has been offset by expansion of about 6 million acres in South America, 3 million in Europe, 3 million in Oceania, and 7 million in Africa.

The upward production trend of the last few years is expected to continue. Unusually favorable weather in 1958-59 has resulted in record-breaking crops in several important producing areas—mainly the United States, the Soviet Union, and Communist China. Most other areas report generally good crops, with only parts of West Asia and Eastern Europe showing a total crop output materially below 1957-58.



Barley...

an ancient crop

EXPANDS TO MEET

TODAY'S NEEDS

By **ANSEL S. WOOD**
Grain and Feed Division
Foreign Agricultural Service

BARLEY, one of the oldest cereals, serves as food for both men and animals in wide regions of the world. And, in an era of explosive cereal production increases, it is showing greater proportionate gains than even wheat or corn.

World barley production over the period 1955-58 averaged 20 percent greater than in the years 1950-54. This increase is the result of a 13-percent increase in acreage and a dramatic 6.3-percent increase in yield per acre. Production gained 37 percent in Western Europe in this period, 30 in North America and the USSR, 51 in Australia, and 29 in Argentina.

Increased plantings, improved disease-resistant varieties, better cultivation practices, and demand for use as livestock feed have been the principal factors responsible for the larger crops in the last few years.

Total world barley production in 1958 was 3,275 million bushels. Asia, including the Middle and Far East, produced 815 million bushels; Western Europe, 780 million; and North America, 725 million. The USSR, in both Europe and Asia, raised 440 million bushels.

Of the world crop, 10 percent moved in international trade in the 1957-58

marketing year. Conventionally the principal movements are from North America to Western Europe. There are also heavy exports from Argentina, Australia, Syria, Iraq, and Morocco. Outside Europe, Japan is a major importer, and also the United States, which buys substantial amounts from Canada for malting purposes.

Ancient Crop

Barley first appeared in history as human food in Egypt, about 5,000 B.C. It was being used in Mesopotamia in 3,500 B.C., in northwestern Europe as early as 3,000 B.C., and in China by 2,000 B.C. Barley was the chief bread plant of the ancient Hebrews, Greeks, and Romans, and also of continental Europe as late as the 16th century. It was transplanted to the New World with the earliest explorations there.

Barley grows in all climates, from the subarctic through the temperate zone to the subtropics. Its resistance to dry heat is superior to that of other small grains, and it thrives on the desert margin in North Africa—mostly as a fall-sown crop. However, it reaches its maximum yield in the cooler, moist areas of Western Europe and North America, where the spring-sown types produce 40 to 60 bushels per acre. The

varieties grown in Europe and North America are less tolerant of moist heat than either corn or rice, or than the naked varieties of Japan and India. The fall-sown winter varieties are more resistant to winter-kill than wheat or rye.

Some 170 types of barley are grown in the United States and Canada, varying with adaptation to soil, climate, and use. The smooth-awned, hybrid types of barley, contrasting with the bothersome bearded types, have enhanced the popularity of barley culture. Production in the United States is concentrated largely in the north central plains—Minnesota and the Dakotas—and in California. Winter barley is grown widely in the southeastern United States, in a region marked generally by a line running west from New York to Kansas and south through Oklahoma and Texas.

Many Uses

More than half of the world's barley crop is used for livestock feeding. Barley has a feeding value roughly 90 percent that of corn, with a similar carbohydrate content, about 3 percent more protein, slightly less fat, and 5 percent less digestible material. It is used largely as a fattening feed for cattle and hogs. This is the use that has been principally responsible for increased demand in Western Europe.

Even in prehistoric times, barley was apparently used for beer making. Nearly all beer is made from barley; this use now consumes approximately 10 percent of the world crop. Large quantities of barley are made into malt, which is mixed with the raw grain for the brewing process. In the United States and Western Europe, nearly a quarter of the barley crop is used for malting.

Barley flour, because of its low gluten content, does not make a light, resilient loaf of bread. However, much barley flour is used for human food as a flat bread or a porridge. This is the staple food in North Africa and parts of Asia.

Pearl barley is the form most used for human food in the United States and some other parts of the world. Pearling is a polishing process that removes the husk and part of the bran leaving the whole kernel. This prod-

TRENDS IN BARLEY PRODUCTION IN SELECTED COUNTRIES OF THE WORLD

Country	Acreage		Yield		Production	
	1950-54	1955-58	1950-54	1955-58	1950-54	1955-58
	Million acres	Million acres	Bushels per acre	Bushels per acre	Million bushels	Million bushels
Canada	7.9	9.3	28.9	26.5	228	246
United States	10.2	14.3	27.8	29.4	283	421
Denmark	1.4	1.6	63.7	67.3	88	111
France	2.7	4.3	32.9	43.0	89	191
West Germany	1.7	2.1	47.5	51.2	82	107
United Kingdom	2.1	2.5	48.9	54.7	100	136
U.S.S.R.	22.5	25.4	15.6	17.9	350	454
World total	121.2	136.5	22.2	23.6	2,690	3,225

MAJOR EXPORTERS AND IMPORTERS OF BARLEY, 1957-58

Exporters:	Million bushels
United States	87.0
Canada	70.6
France	28.6
Argentina	23.0
Australia	19.8
Syria	17.4
Denmark	16.8
Iraq	16.5
Importers:	
United Kingdom	59.9
West Germany	58.3
Japan	34.8
Belgium	27.9
Netherlands	22.2
United States	21.2
Italy	12.7
Denmark	12.6

uct is commonly used in soups.

Barley is widely grown as a substitute crop. If a winter wheat crop fails, or conditions are too dry for corn, barley can be a valuable secondary crop. The substitution of barley in areas where acreage allotments have limited production of wheat and corn has been an important factor in increased production in the United States.

In Europe, particularly in France, barley is not only a substitute crop for wheat but also the main feed grain grown. Thus, with increasing livestock numbers, Europe's production of barley has gained steadily.

In Western Europe, French barley production has made the greatest strides. As a result of replanting to barley following a heavy winter-kill on wheat in 1956, the crop that year jumped from 123 million bushels to 295 million. However, a more normal crop of 179 million bushels in 1958 was a full 100 percent larger than the 1950-54 average. French yields per acre in the last 4 years have averaged 31 percent over 1950-54 yield. With this increase in barley production it is interesting to note that in the last year alone French cattle numbers have gone up nearly a half million.

Following the lead of France in Western Europe, the United Kingdom increased its barley crop 36 percent in 1955-58 as compared with the 1950-54 average. West Germany's crop went up 30 percent and Denmark's 25 percent. Denmark has the world's highest yield—over 67 bushels per acre.

In the United States the barley crop in the years 1955-58 gained 49 percent as compared with 1950-54. This gain reflects a 40-percent increase in acreage, to 14.3 million acres, and a 5.6 percent increase in yield, to 29.4 bushels.

Russian production in this same period rose some 30 percent, result of a 13-percent gain in acreage, to 25.4 million acres, and a 15-percent gain in yield, to 17.9 bushels.

Although Canada has in the past been the world's leading exporter of barley the United States was the heaviest shipper in 1955-56 and 1957-58. France is a newcomer among barley exporters. Though it was third largest exporter last year, its future position is highly uncertain. The five principal exporting countries, while producing about 30 percent of the world's barley, furnish approximately 75 percent of its total exports. Argentina and Australia, which do not rank among the major producers, export approximately 50 percent of their production. Canada exports about 30 percent of its crop. Last year U.S. exports represented some 20 percent of production, a figure that will be surpassed considerably in the current marketing season.

In recent years West Germany, with its big brewing industry, has been the world's largest barley importer. However, in 1957-58 the United Kingdom imported especially heavily, and occupied the top position. Japan is a consistently substantial importer of

barley, principally for human consumption. Although the various importing countries change positions considerably from year to year, those listed in the accompanying table, except for West Germany, are fairly representative.

Recent reports indicate that livestock populations will increase in the United Kingdom, Denmark, Belgium, and France in 1959, and will hold at a high level in Western Germany and the Netherlands. This would mean a continuation of the current demand for larger supplies of feedstuffs in Western Europe. Presently there is expectation that to meet this demand farmers will emphasize plantings of spring barley over spring wheat and oats. And it seems certain that the import demand for barley will continue strong in this region.

West German Policy

(Continued from page 18)

to raise income without necessarily increasing efficiency. In 1958, government expenditures leading to structural improvements amounted to DM 403 million (\$96 million); in 1959 they are to be increased to DM 573 million (\$136 million). The largest amounts in this category are to serve farm consolidation. For income support, expenditures of DM 938 million (\$223 million) in 1958 are to be reduced to DM 768 million (\$183 million) in 1959. The largest items in this group, subsidies for fertilizer purchases and for quality improvement of milk, are to be greatly reduced.

Further emphasis on structural improvements is urgent in view of the coming into being of the Common Market. True, detailed agreements on the agricultural provisions of the Common Market have not yet been reached, but it seems certain that the Common Market in agriculture, whatever its form, will seriously test the competitive ability of German farmers. It is likely that the Common Market will tend to lower the overall price level of farm products in Germany. Hence attainment of income parity between farmers and other economic groups will be still more difficult to achieve than in the past, unless agricultural productivity rises at an extremely rapid pace.

Our Lard Markets

(Continued from page 11)

Another main market, West Germany, had a record hog output that enabled it to decrease lard imports. The Netherlands became the leading lard supplier to this market as U.S. shipments declined sharply. Poland, with its abundant supplies of relatively cheap lard, became the third largest supplier.

Cuba, while slightly decreasing its lard imports from the United States during 1958, continued to be the largest market for U.S. lard. Last year, one-third of our lard export went there. Mexico increased its imports from the United States, but Canada and Brazil reduced theirs sharply as their hog production rose.

Increased use of other fats and oils also contributed to the decline of U.S. lard exports. In Western Europe, larger supplies of butter plus a trend toward vegetable oils added up to keener competition for lard. In Latin America, a drive for self-sufficiency in fats had already led several countries to set up programs for encouraging the production of vegetable oils. The governments continued to protect these programs by limiting lard imports. To do this, they used devices like high tariffs and taxes, import quotas, and exchange controls. This trend causes increasing concern to the U.S. trade.

One other development also had some effect on U.S. lard shipments in

1958. Late in 1957, in view of the decrease in U.S. supplies, lard programs under P.L. 480 were terminated.

In 1959, some of the factors that helped push 1958 exports to a 10-year low will be modified. In Europe, hog slaughter and lard output are expected to level off. In the United States, a bigger lard output, along with large vegetable oil surpluses, has pushed lard prices down. Thus an export gain of about 16 percent is forecast.

But this may not be enough to win back U.S. lard's former share of international trade or even maintain its place in old and valued markets. And if U.S. lard production continues in its old pattern, there will be other periods of heavy output and export gains, followed by periods of smaller output when these gains disappear.

The long-term outlook, however, is for a gradual change in U.S. patterns of lard production and use. On the production side, the hog of the future is destined to yield more lean meat and less lard. On the consumption side, research may bring new uses for lard in food products, where they give the farmer his best returns. Already, shortening is taking more and more of the U.S. lard output. These two trends together may mean that eventually output and consumption will level off to the point of balance between domestic supply and demand. In the meantime, exports will for some years still be important in the U.S. lard picture.

Foreign PRODUCTION NEWS

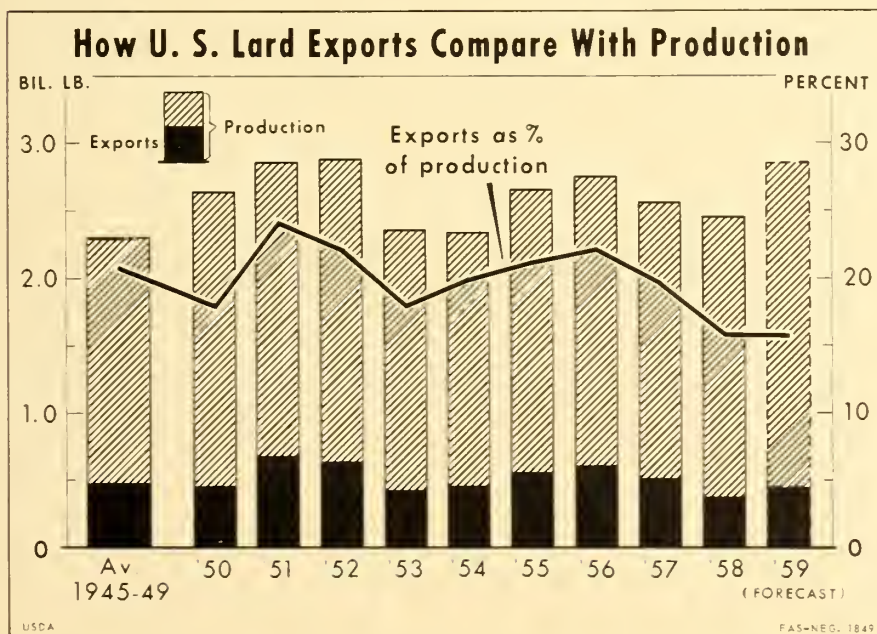
Japan is making efforts to improve the quality of its flue-cured **tobacco**. Research at five experiment stations will be intensified, particularly in the areas offering the most favorable climatic conditions. Japan produced 192 million pounds of flue-cured tobacco last year—63 percent of its total tobacco production.

Subnormal rainfall in the **Philippines** during October-January is expected to reduce **coconut** output to last year's drought-small level. A record 1959 crop had been forecast earlier. Even if the 1959 crop is larger than last year's, export earnings for copra and coconut products may drop from present high levels. Up to now, short supplies have been more than offset by price increases, but buyers are strenuously resisting further price advances and some are using lower-priced competitive oils.

Heavy rains damaged large quantities of **Australia's peaches** this season. Early estimates place losses at close to \$1 million. In addition to direct fruit damage, there is a danger of secondary losses from brown rot infection, which could become important.

Panama and **Guatemala** suffered extensive damage to their **banana** crops through hurricane winds in February and March. Over half the plantings in Guatemala's north coast—more than 700,000 stems—were damaged. In Panama, two blowdowns destroyed about 1.5 million plants—over 700,000 were in fruit.

Iraq's 1958 **date** pack totaled 440,000 short tons—the largest in recent years. However, the tonnage of the variety preferred by U.S. and European importers was small; delays during harvesting caused much of the crop to deteriorate below export standards.



U.K. Broiler Industry

(Continued from page 5)

correspondingly high distributors' margins. Thus, it should be possible to lower the price to the consumer considerably as an inducement to larger purchase without unduly disturbing the rate of growth of the industry.

Consumer prices fell by about 20 percent during the past year, and another drop is expected during the next year. Moreover, prices of beef and pork meat have risen considerably in the last few months, giving broilers a further price advantage. They are on about the same level now as that of the average cuts of red meat.

Producers of other meats have expressed the fear that increased broiler consumption will simply replace pork, beef, and lamb. So far there are no indications of this happening. In the United States, where consumption of broilers is much higher, broilers have not replaced other meat but have simply upgraded the diet. Furthermore, a quick glance around the retail markets shows that the distribution of broiler fowl is still concentrated chiefly in a few large chains. One big company with about 300 stores, mainly in the London area, is selling around 250,000 birds a week and is unable to

meet the demand. But the traditional small poultry shop, where fowl is dressed and sold, does not normally have proper refrigeration for handling frozen or chilled broilers.

Importance to U.S. Farmers

The United Kingdom is the world's largest importer of agricultural produce, and traditionally the United States is one of the principal suppliers. But, although some fresh broilers and other poultry are being imported, mainly from Denmark and the Netherlands, restrictions on dollar purchases prevent imports of our cooked-frozen or canned poultry. For the past several months the British dollar position has improved, and if this trend continues, it is likely that the dollar restrictions may soon be lifted.

Contrary to the fears of some British producers this would not be harmful to markets for the local broiler industry because sales would be confined to small amounts of cooked-frozen or canned specialty products. In fact, the entry of these products is more likely to prove advantageous in that it would introduce new products to help popularize the broiler. And this would not interfere with the sale of British produce since it will be

some years before a local industry for cooking and canning poultry is likely to be attempted.

The real opportunity for U.S. agriculture in this rapidly growing broiler industry is in the supply of feed. Corn (maize) and soybean meal are recognized as the principal ingredients of an efficient compound feed; and grain sorghums and other grains are used when their prices are competitive.

A production of 400 million birds annually would require about 10 times as much feed as at present, and this would mean a market for one-half to 2 million tons of feed. Opportunities for expanding home production of grain and grass to supply these requirements are very much limited, for it would mean diversion of land now producing wheat and other food products.

The United States is a natural source of supply for feed ingredients. Undoubtedly, other feed-exporting countries will continue to compete for this growing feed market, but since the United States now sells the United Kingdom most of its feedstuffs, we should be able to get a large share of the expanded market, provided our prices are competitive and our products high-quality.

Trade Prospects for Cotton

(Continued from page 3)

necessity for forced sales of surplus cotton by other countries. In the absence of selling pressure during the first half of 1959-60, importers would be encouraged to proceed, at least on a moderate basis, to rebuild inventories to normal levels later in the year.

With regard to production, early reports indicate that cotton acreage in the foreign Free World will decline moderately in 1959-60, mainly because of the current low level of world prices and a reduction of credit available to producers in some countries. This is especially true in Mexico, Central America, Egypt, and Sudan.

Also exportable supplies of upland type cotton in the foreign Free World in 1959-60 are expected to be somewhat smaller than those for 1958-59, but as much as 1.0 million bales larger than in 1956-57 when exports of this

type of cotton from foreign countries totaled about 6.1 million bales. This additional supply of competitive foreign-grown cotton over that in 1956-57 and the reluctance of foreign importers to rebuild their inventories are the principal reasons why U.S. exports of cotton in 1959-60 probably will not reach the 1956-57 level of 7.6 million bales.

Trade Comparisons

In appraising export trade prospects, it may be noted that world market conditions in 1958-59 were similar in many respects to those in 1955-56. Likewise, a similarity exists between conditions in 1956-57 and those expected for 1959-60.

The U.S. cotton export trade in 1958-59, estimated at less than 3.0 million bales, is following the same downward pattern as in 1955-56 and for practically the same reasons—

- Oversupply and substantial price

reductions for most foreign growths relative to U.S. export prices;

- Curtailment of cotton purchases by importing countries as a result of a textile recession and anticipation of lower cotton prices next season;

- Liquidation of inventories of cotton and cotton products abroad in preparation for receipts of lower-priced cotton after August 1.

As for 1959-60, many of the supply and demand conditions of 1956-57, when exports reached 7.6 million bales, are expected to develop. However, a more moderate rise in cotton exports is likely. Cotton stocks in foreign Free World importing countries on August 1, 1959, are expected to total about 5.0 million bales compared with 5.8 million a year earlier. But importers and mill operators will not be as willing to rebuild inventories during the first half of 1959-60 as they were throughout the year 1956-57.



Mexico To Lower Cotton Export Tax

Mexico has announced a reduction in the ad valorem export tax on cotton in all major cotton-growing districts. The reduction will become effective July 1, 1959 and will vary by states. Details of how the reduction is to be applied will be announced later.

Afghanistan Buys Russian Margarine

Afghanistan recently purchased about 2.2 million pounds of margarine from the Soviet Union. This was done presumably to introduce an all-vegetable-oil product in a traditional animal fat market, and to create a future demand for domestically produced margarine.

Afghanistan is building a margarine plant with an 8-million-pound annual capacity, which it expects to complete soon, and a cottonseed oil crushing plant. Soviet machinery will be used to equip both plants. If the margarine plant's production capacity is realized, Afghanistan may have to import oilseeds, probably from Russia.

Yugoslavia Eyes U.K. As Market for Beef

Yugoslavia is looking toward Britain as a future market for beef. Its aim is to offset an expected decline in trade with European Common Market countries and the Sino-Soviet Bloc.

Yugoslav officials believe that high-quality beef could become a major item in U.K.-Yugoslav trade. They say that Yugoslavia could ship up to 110 million pounds of beef annually to Britain if a long-term contract is signed. A British buyer, just returned from a visit to Yugoslavia, is considering a 10-year contract for deliveries starting at 22 million pounds a year.

Finland Sets Single Pork Export Subsidy

Finland has established a fixed export subsidy rate for pork through December 31, 1959. Previously exporters had to have separate subsidy approval for each transaction. The new subsidy rate of 17 cents per pound is lower than the average of last year's separate subsidies.

Finland exports pork to England and West Germany—two of the leading U.S. markets for pork variety meats—and to countries of the Soviet Bloc.

U.S. Ships Rice To Help Relieve Turkish Crisis

Relatively large quantities of top-quality U.S. rice have been shipped to Turkey. These may help check the price rise resulting from short supplies and removal of the price ceiling. Before the ceiling price was removed, high-quality rice was unavailable or sold at black market prices. Medium and lower grades could generally be bought in Istanbul.

In January, when the ceiling was removed, first-quality rice became readily available through retailers, but the price was up 25 to 54 percent. The price for second quality also rose—33 percent. However, the price for third-quality rice, being sold in Istanbul by the government, was down 23 percent.

Hog Casings Duty Status Unchanged in Australia

After a 15-month investigation, the Australian Tariff Board has ruled against changing tariffs on hog casings, ox runners (beef casings), and surgical sutures made from them.

Hog casings are allowed duty-free entry, but because of quarantine requirements they may only be imported from Ireland, Canada, the United

States, and New Zealand. Imports rose sharply to 1.2 million bundles (100 yards each) in the 1957-58 season compared with an average of 500,000 bundles annually in previous years. The United States was the leading supplier, accounting for 68 percent of the 1957-58 total.

While Australia is the leading market for U.S. hog casings, the United States in turn buys large quantities of Australian sheep casings. In 1957-58, U.S. imports of Australian sheep casings about equaled Australian purchases of U.S. hog casings.

Uruguay Seeking Markets For Record Apple Crop

Uruguay, with an expected surplus of 200,000 to 300,000 boxes of apples, is seeking new export markets.

Before 1955, Uruguay was an apple importer, but since then production has been increasing steadily. Surpluses have been traded to Brazil for bananas. This year's record crop, however, is estimated at 30 percent above last year's and will total about 1.5 million boxes. The chief varieties are Delicious, Red Delicious, Jonathan, and Stayman.

Denmark Liberalizes More Farm Products

Denmark, on April 1, further liberalized imports from the dollar area. Among the items added to the list of commodities which can be freely imported are cheese, casein, and citrus fruits—other than lemons which were included in an earlier list. The new free list for imports from the United States and other dollar areas includes the same commodities as the list now in effect in Europe.

Australia's Beef and Veal Shipments May Set Record

Australia's beef and veal exports are expected to reach a new high of about 392 million pounds in the year ending this June. This figure would be 4 percent above the calendar year of 1958. Although the United Kingdom will probably remain Australia's biggest market, the United States is taking increasing quantities of low-grade beef for manufactured products.

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